

# 21<sup>ST</sup> CENTURY RETAILING



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# JENNY CRITTENDEN

Executive Director

Gloucester Main Street Preservation Trust







# RETAIL SPEAK!

**Terms to KNOW to help  
your retailers GROW**



## MERCHANDISE TERMS:

**Dead Stock:** Merchandise that has never been sold or has been in stock for a long while. Not in demand anymore.

**Markdown:** Be careful using this term...it denotes the devaluation of a product. Don't use this term during sales and promotional events. It's a permanently reduced piece of merchandise to move out for new inventory.

[ **KNOW & GROW** ]



## MERCHANDISE TERMS:

**Shrinkage:** Reduction in inventory not caused by legit sales.

- Usual Causes: employee theft, shoplifting, admin errors and supplier fraud
- 3% on average is lost through shrinkage – think about that! Example: A \$250K gross sales business = \$7,500 in loss through shrinkage.

**[ KNOW & GROW ]**



# CUSTOMER RELATIONSHIPS

**Clienteling:** Relationship building activities such as CRM (Customer Relation Management) software to collect and track customer data, providing the personalized shopping experience and following up in a meaningful and timely way.



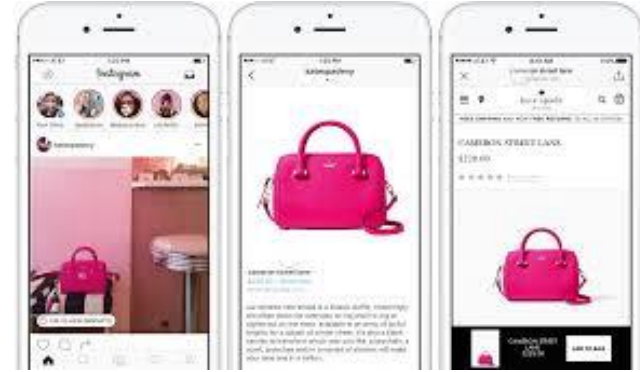
# RETAIL SPEAK

## Customer Relations



### RELATIONSHIP RETAILING

The strategy to build loyalty and forge long-term relationships with customers. Loyalty programs, personalized experiences and superb customer service.



### WEBROOMING

The practice of looking at products online before buying them in an actual brick and mortar store. Pinterest and Instagram help perpetuate webrooming. Users see items and seek out a real world store to test or try them on.

# RETAIL SPEAK

## Customer Relations

### SHOWROOMING:

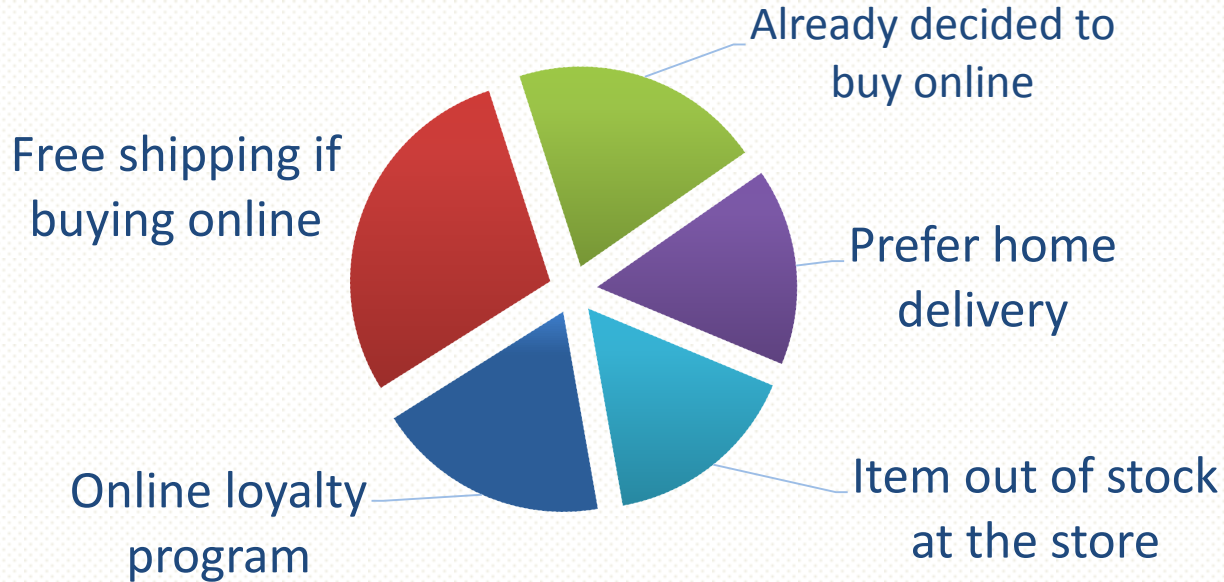
The practice of examining a product in the physical store with the intent of finding it cheaper online and purchasing it there. Shopping and price check apps perpetuate showrooming because the customer can check the price while in YOUR retailer's store.





# SHOWROOMING: THREAT OR OPPORTUNITY?

## 5 TOP REASONS WHY CONSUMERS ARE SHOWROOMING



# GIVE SHOPPERS WHAT THEY WANT

sample 6 step process diagram

**29%**

Want matched prices  
online & in-store

**35%**

Want better customer service

**14%**

Want staff to be more  
available & mobile



**10%**

Want staff to have real time access  
to product info, inventory and  
ordering

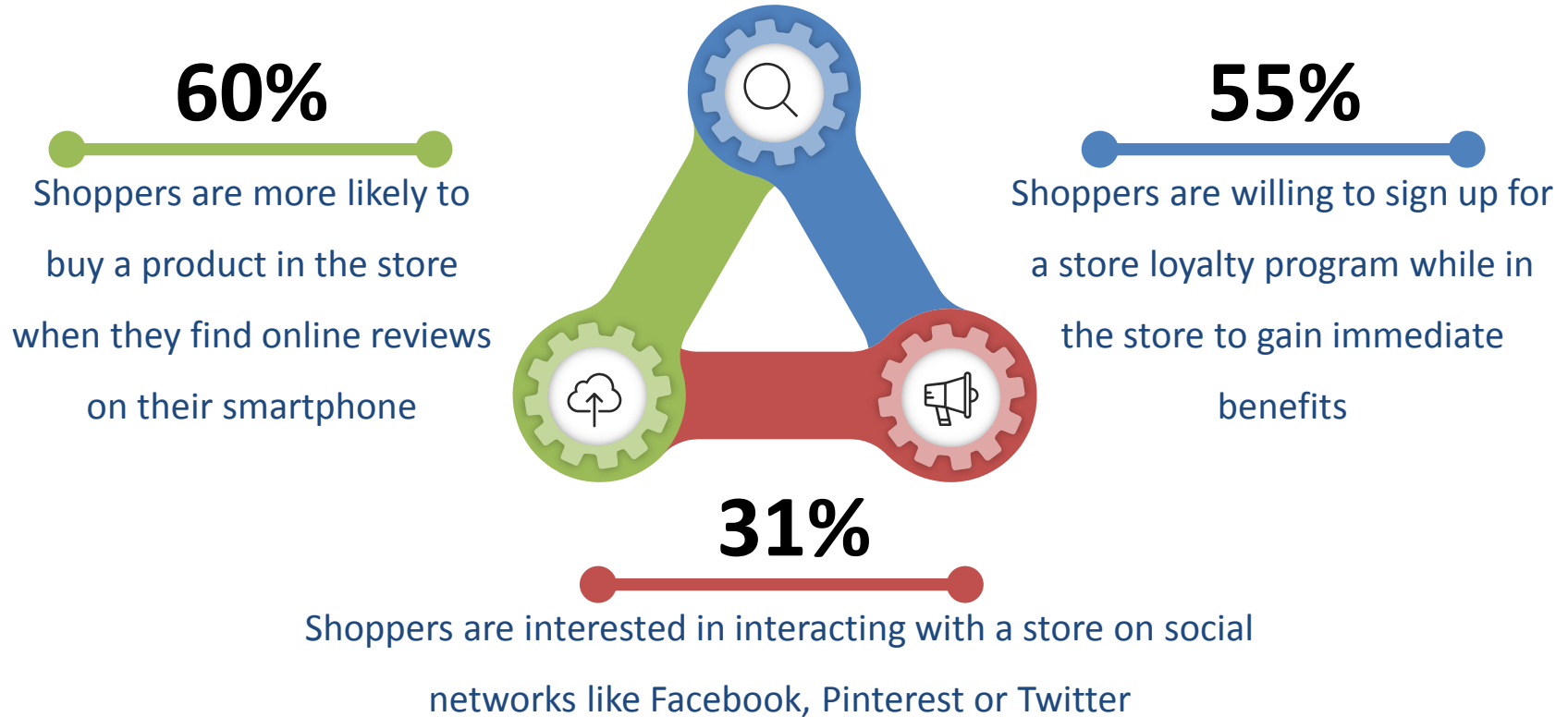
**30%**

Want access to relevant,  
convenient & personalized  
loyalty programs

**19%**

Want more choices & a more  
generous & flexible return policy

# STRATEGIC OPPORTUNITIES FOR RETAILERS

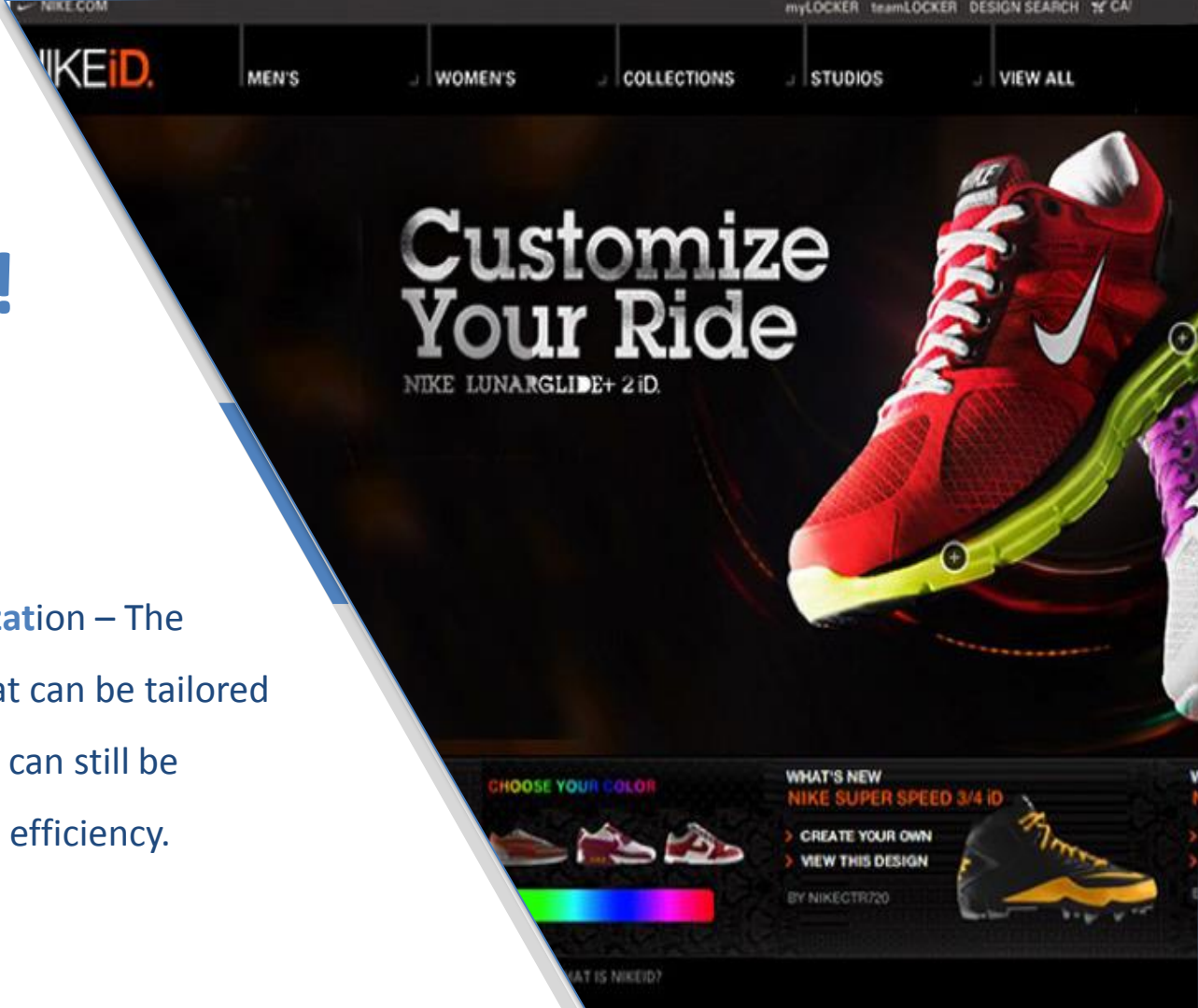




# RETAIL SPEAK!

“IT’S ALL ABOUT ME!”  
SAID THE CUSTOMER.

**Mass Customization/Personalization** – The practice of offering products that can be tailored to each person’s preference but can still be produced with mass production efficiency.



# MASS CUSTOMIZATION & PERSONALIZATION



SELECT



CUSTOMIZE



PURCHASE

# HOW CAN SMALL BRICK & MORTAR ENGAGE IN PERSONALIZATION?

.....







- Targeting users (through things like purchase histories) with content tailored to their preferences
- Using location-based technology such as beacons to push personalized offers to customers' mobile devices.
- Seek product lines that offer personalization options and lines that allows the customer to reflect their personality.



# RETAIL SPEAK!

## SEGMENTATION:

- An invaluable tool to identify consumers whose needs have not been met yet.
  - Use data to segment the customer base:
    - Interests and Needs
    - Gender and Age
    - Spending History

# RETAIL SPEAK!

## OMNICHANNEL

### RETAILING:

- Establishing a presence on several channels and platforms (brick and mortar, mobile, online, catalog, etc.)
  - Enabling customers to transact, interact and engage across these channels simultaneously or even interchangeably.
  - Fuse all these channels for a seamless experience!





# THE DEVELOPMENT OF THE OMNICHANNEL!

THE CUSTOMER IS AT THE CENTER OF EVERYTHING!

## TRADITIONAL

The good, old-fashioned bricks and mortar store



## E-COMMERCE

Online shopping has skyrocketed in recent years



## MULTICHANNEL

Various, disconnected channels for customers to use independently



## OMNICHANNEL

An integrated, seamless experience across multiple devices and touchpoints



**BREAK OUT FUN**



# THE RETAIL CLIMATE= FORECAST

PRETTY CHILLY NATIONWIDE



# DEAD MALLS. WHAT'S NEXT?

## NEW LIFE FOR DEAD MALLS

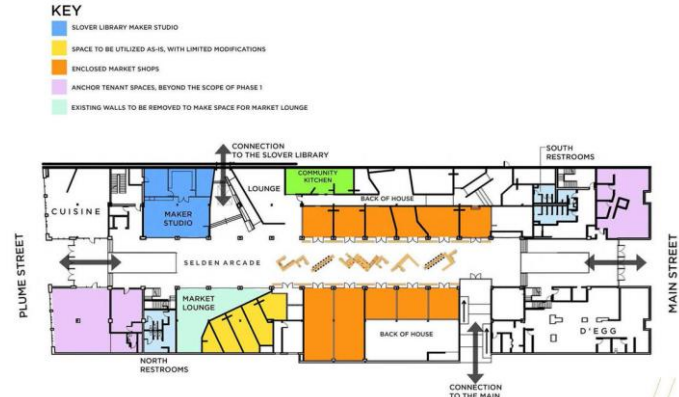


**Hickory Hollow Mall, TN – closed 2011 – REOPENED 2013  
as community college, library, recreation center, shops  
and a practice rink for Nashville's NHL team.**



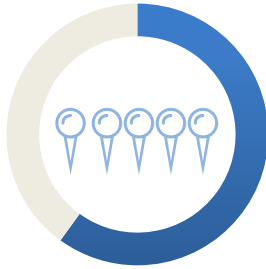
# DEAD MALLS. WHAT'S NEXT?

## NEW LIFE FOR DEAD MALLS



# WHY ARE MALLS CLOSING ACROSS AMERICA?

IS THE U.S. OVERSTORED?

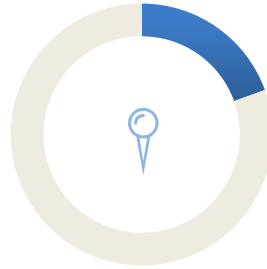


7.3

## UNITED STATES OF AMERICA

Square feet per capita

Amount of retail space  
in the United States

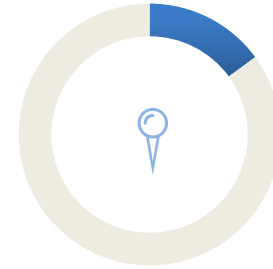


1.7

## JAPAN & FRANCE

Square feet per capita

Amount of retail space  
in the Japan, and  
France



1.3

## UNITED KINGDOM

Square feet per capita

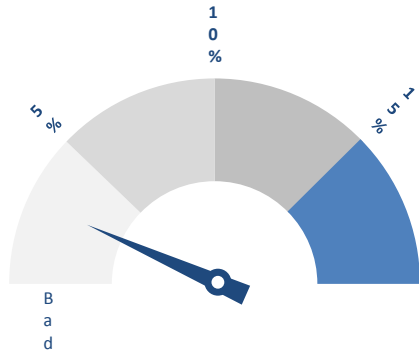
Amount of retail space  
in the United Kingdom

According to CEO Terry Lundgren (Macy's) in a Money Watch article.

# HAVE ONLINE SALES CHANGED THE RETAIL LANDSCAPE?

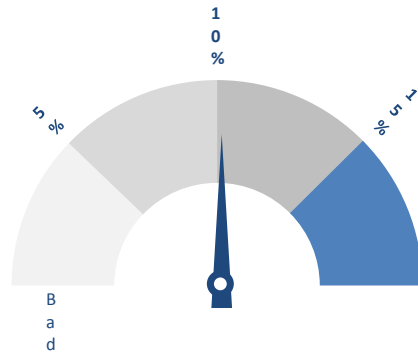
## IN A WORD...YES!

### 2017 NATIONAL RETAIL FEDERATION PROJECTIONS:



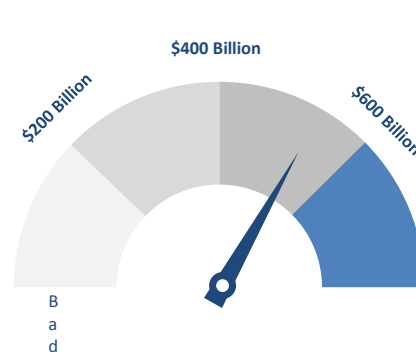
#### TOTAL RETAIL SALES

Expected growth  
of 3.7%-4.2%  
(excludes cars, gas stations  
and restaurant sales)



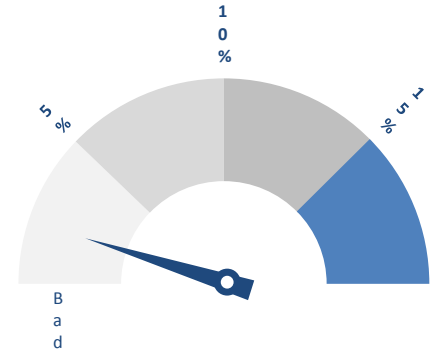
#### ONLINE GROWTH

Expected growth  
of 8%-12%  
dwarfing the industry at large



#### E-COMMERCE SALES

Sale projections  
between \$427 -  
\$433 Billion



#### BRICK & MORTAR SALES

Expected growth of  
2.8% slower than  
industry standard

# LET'S TALK

Quick amazon® facts

## 1994 – amazon® launches

Jeff Bezos started amazon® out of his garage with his parents' savings



## 1994 - \$20,000 weekly sales

30 days after starting amazon®  
- \$20,000 per week in sales



## 1995 – Raises \$8 million

Raises 8 million of funding



## 1997 – amazon® goes public

goes public at \$18 per share





# LET'S TALK

Quick amazon® facts

**amazon® is the largest retailer  
in the United States**



**amazon® is the 3<sup>rd</sup> largest retailer  
in the world**



**\$135 million active customer  
accounts worldwide**



**\$20 million products**



# LET'S TALK

Quick amazon® facts

**Bought Whole Foods in 2017**



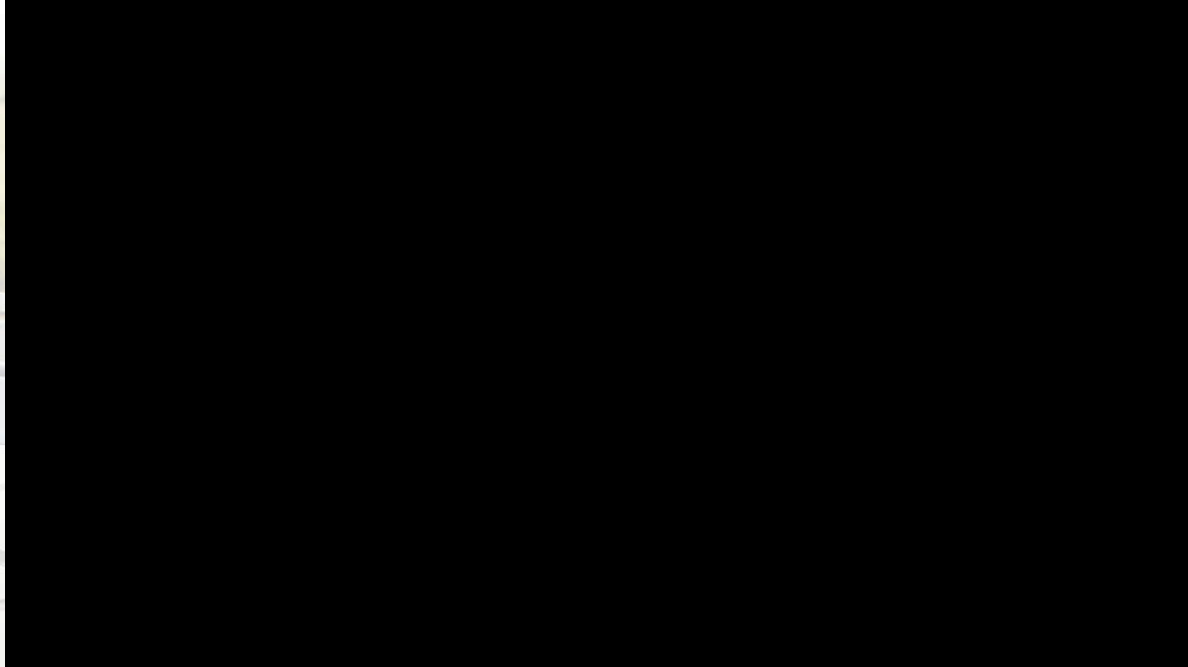
**Next retail sector:  
Home furnishings and pharmacy**



**amazon® accounts for 43% of  
ALL ONLINE retail sales**



**amazon**  
*Prime Air*



**amazon**

# ARE PEOPLE TRADING “BRICKS” FOR “CLICKS”



## E-COMMERCE

Besides Amazon and Ebay....there is no one doing well with just e-commerce. (Forbes 6/17)



## TOP RETAILERS

Besides Amazon, the top 10 U.S. retailers are old-school, brick-and-mortar stores. (NRF)



## MOST PROFITABLE

Stores are more profitable than E-commerce (Forbes 6/17)



# ARE PEOPLE TRADING “BRICKS” FOR “CLICKS”



## WHOLE FOODS

Amazon just bought Whole Foods – one of the **LARGEST** brick and mortar chains...attention must be paid! (Forbes, 6/17)



## BRAND EQUITY

Having a brick and mortar presence **AND** an online presence builds brand equity.

# MILLENNIALS BUYING HABITS



**70% Prefer brick and mortar (CBRE)**



**Nation's biggest buying group – displaced the Boomers**



**Estimated 80 million in the U.S. (Accenture)**



**Spending \$600 billion annually (Accenture)**

\*\* Forbes 6/27/17



# GENERATION Z BUYING HABITS



**Will reach 2.6 billion by 2020**



**\$44 billion in buying power  
(study by IBM & NRF)**



# WHAT HAS TRULY SHIFTED?

## THE OLD & RETIRED “P”s

PRODUCT → EXPERIENCE

PLACE → EVERYPLACE

PRICE → EXCHANGE

PROMOTION → EVANGELISM

THE SHIFT





## PRODUCTS



GONE are the days of having to go to a store to discover new product. They don't **NEED** to buy from you...they need to **WANT** to buy from you!



## TODAY'S "BROWSE ONLINE, BUY IN STORE" SHOPPER

.56 of every dollar spent in a store  
is influenced by a digital interaction  
(Deloitte, 2016)

3 out of 4 shoppers now prefer to browse  
online then buy in store. (PWC, 2015)

In clothing and footwear, over half of shoppers  
who browse online still prefer to go in store  
to complete the purchase. (PWC, 2016)

76% of Millennials use their mobile phone while in store  
(ForeSee, 2016)





# Location

## **PLACE: LOCATION, LOCATION, LOCATION.**



There was only ONE place to find product – brick and mortar stores!

What propelled a pathway of options for the consumer?

When did it happen? (Hint – 26 years ago!)



PRICE:OLD THEME...  
“PRICE IT LOW & WATCH IT GO!”



## It's all about collecting "BIG DATA" now!

- Preferences
- Time of day you browse online
- Analyzing your behavior socially with tweets and shares, open rates, clicks
- Many online buyers realizing they are paying different price than a friend
- Amazon job listings in March were looking for 59 economists!
- The continuing change of price on big online giants = distrust by consumer.





## PROMOTION



Consumers are sick and tired of the “in your face” advertising/promotion of a product. If it’s not relevant, its annoying.



## ONLINE

It was BIGGER, flashier and hard to ignore formats – Some ads even went further than TV intruding on the online viewer experience.





## IN STORE



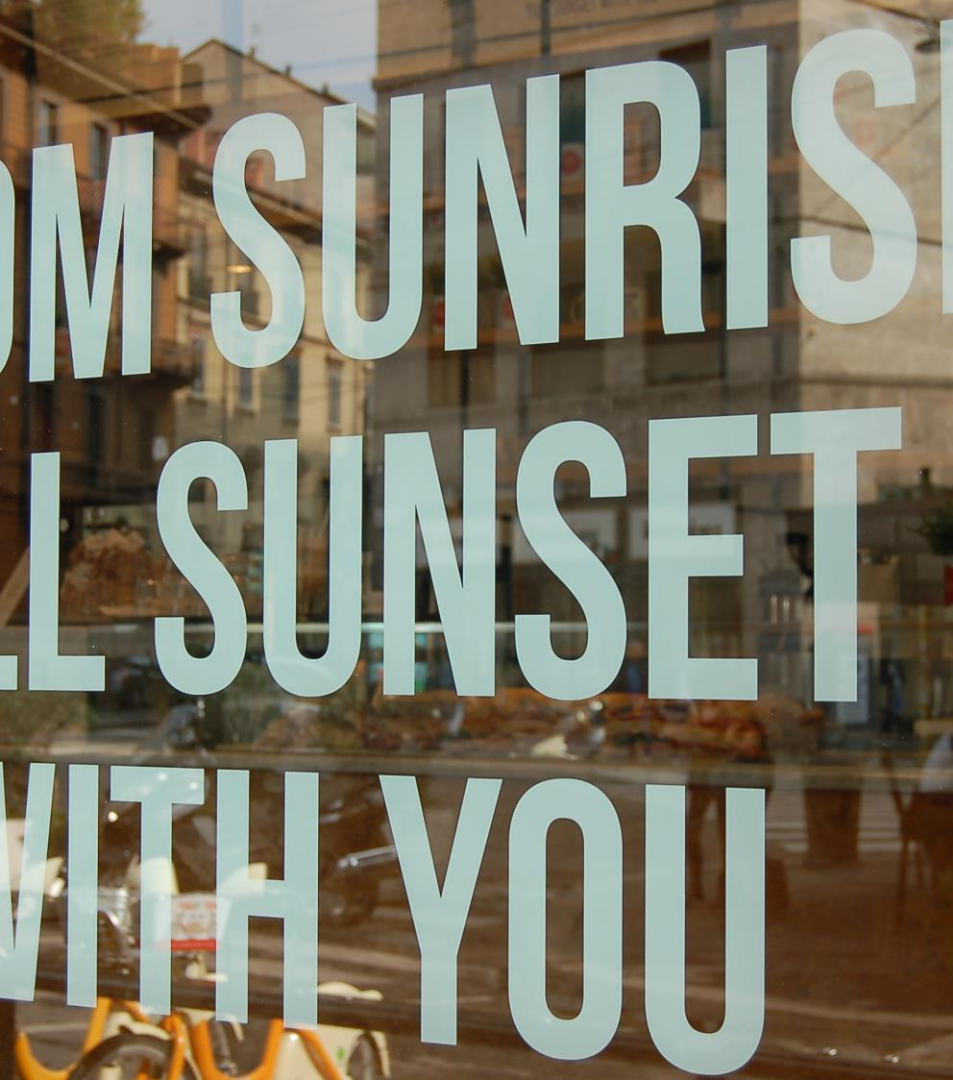
Use of huge clearance banners, in store sale signage in crazy colors and sizes – this can make a retailer look desperate and shouldn't be used unless you are **CLOSING!**



## **NEW PROMOTIONS = MAKING CUSTOMERS INTO EVANGELISTS!**



- **Building a community**
- **Don't just highlight your products online (facebook, Instagram, etc.) Showcase your customers!**
  - **Give your customers an amazing experience in store!**



## EXPERIENCE:

### Outcomes of a Great Store CX (Customer Experience)

#### Customers who have a great store CX are:

- 50% more likely to purchase from that retailer's store
- 75% more likely to make a purchase in another channel
- 60% more likely to buy from that retailer the next time they buy similar merchandise
- 74% more likely to recommend the store to a friend, family member, or colleague.

\*Source: ForeSee's 2016 Experience Index





## EXPERIENCE IN STORE EVENTS

Workshops & Classes

Pet Events

Beer/Wine Tastings

## EXPERIENCE IN STORE EVENTS

Wellness & Fitness activities

Pop-Up Shops

Tag onto downtown promotions



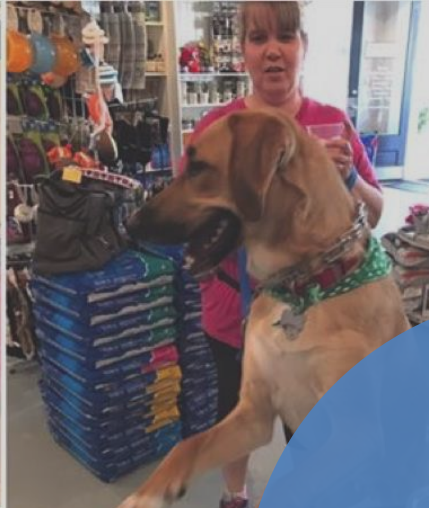




# YOGA ON THE PATIO

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Juan's Mexican Cantina  
Gloucester Point, VA



# YAPPY HOUR

Gloucester Main Street  
The Nines Pet Boutique





# **THE EXCEPTIONAL CUSTOMER SERVICE EXPERIENCE**



- We are human and therefore social creatures by nature!
- We like to feel special – Show the LOVE!
- Prioritize the sales staff – hire good people!
- Retailers need to be open when its convenient for the CUSTOMER!
  - 70% of all retail sales happen after 5PM
  - Encourage retailers to open later in the morning and stay open until 7PM.
  - Offer personalized shopping – off hours or assign a salesperson during normal business hours – Create the customer profile!





# SHOWING THE LOVE!

**Fabulous Customer Service Experience!**

**Gloucester Village Wine Walk**

**Yolanda's on Main  
Retailer of the Year 2016  
Retail Alliance**

**ALL YOU NEED  
IS LOVE!**



# UTILIZE TECH AS A TOOL



**Embrace digital screens in the store**



**Use smart phone technology to send text message coupons and other sales information**



**Invest in a cloud based POS system that allows you to check out a customer from anywhere in the store**



**Use beacon technology to welcome a customer when they enter a store – it can give them the day's sales or incentives. Shoppers can also opt in to have their data collected by stores for better personalization to their buying habits.**



# BEACON TECHNOLOGY!

## HOW BEACON TECHNOLOGY WORKS



Retailers strategically place beacons around their store.

The Beacons connect to a customer's Bluetooth enabled smartphone app.

It sends a signal to the phone and the app is opened.

The retailer can provide the customer with a wealth of information.

# EVERYPLACE = OMNICHANNEL

## TRADITIONAL

The good, old-fashioned bricks and mortar store



## E-COMMERCE

Online shopping has skyrocketed in recent years



## MULTICHANNEL

Various, disconnected channels for customers to use independently



## OMNICHANNEL

An integrated, seamless experience across multiple devices and touchpoints



A photograph of a person with long brown hair, seen from behind, sitting at a wooden desk. They are using a silver laptop. On the desk, there is a white mug of coffee, an orange portable charger, and a grey messenger bag with a patterned strap. The background shows a window with a metal frame.

# HOW SMALL BRICK & MORTAR CAN START TO OMNICHANNEL



- Maximize Webrooming
- Make Store Inventory visible
- Offer Click and Collect
- Harness the power of data collection
  - Make it a priority
  - Customer transactions
  - Interactions
  - How often someone visits
  - Average Dollar Spend
  - Items they frequently purchase



# EXCHANGE

The retailer needs to ask him/herself...  
"What am I giving the customer besides the product?"

## THIS IS ABOUT RELATIONSHIP RETAILING! SMALL RETAILERS CAN OFFER:

### LOYALTY PROGRAMS

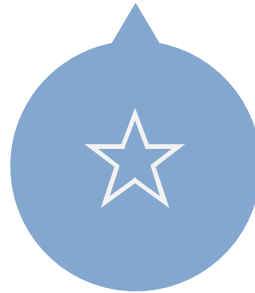


**KNOWLEDGEABLE  
SALES TEAM**

### TRY ON PROGRAMS Send merchandise home with customer



**PERSONAL AFTER  
HOURS SHOPPING**



**PERSONAL TOUCHES TO  
LET CUSTOMER KNOW OF  
NEW PRODUCTS**



**FUN & ENGAGING  
STORE EVENTS**



**HAND WRITTEN  
THANK YOU NOTES**

# EVANGELISM:

Getting your customers  
to convert others to your brand

- Establish an emotional connection
- Keep your customers happy
- Establish a platform for your customers to be heard
- Be helpful to your customers
- Take action on feedback





## ESTABLISHING THE EMOTIONAL CONNECTION:

- Connect with the wants and needs of your customers
- It's about gaining the trust of other potential customers and you need your existing customers to help you with that


$$\text{BUSINESS} + \text{SOCIAL MISSION} \\ = \text{PROFITS}^{(\infty)} + \text{GOOD}$$

## ESTABLISHING THE EMOTIONAL CONNECTION, CTD.



Be front and center on social media

Are you a cause conscious business? Spread the word and connect!

Get to actually KNOW your repeat customers....ask questions!



# KEEP YOUR CUSTOMERS HAPPY

- If they aren't happy, they are not working for you
- It's ALL in the EXPERIENCE!
- Show and attitude of gratitude!
- Create a loyalty program
- Send personalized messages on birthdays and anniversaries



# ESTABLISH A PLATFORM FOR YOUR CUSTOMERS TO BE HEARD

- If customers like what they buy from you, they aren't shy about sharing it!
- Consumers tend to trust user-generated content more than other forms of media
- Create a #hashtag to help gather user generated content – encourage customers to post pictures using or wearing your products
- Create contest on social media
- Conduct email surveys



# BE HELPFUL TO YOUR CUSTOMERS

- Ask customers for their honest feedback through informal survey or email questionnaires (this gives them the venue for honest feedback)
- Provide exemplary customer service – Clientele them!



# TAKE ACTION ON FEEDBACK

- Now that you've received the feedback – don't ignore it!
- Respond with sincerity – be genuine in your responses.
- “Canned” responses breed distrust
- Word of Mouth has POWER = greater engagement and greater sales!

(Millennials ranked word of mouth feedback as their top influencer)







**THIS IS WALLY.  
DON'T BE LIKE  
WALLY...**



**He's pretty lazy and  
retailers CAN'T be lazy.**

**They have to work HARDER and  
SMARTER than ever before.  
Take Action!**



Q&A

THANK YOU.



Jenny Crittenden | Executive Director

Gloucester Main Street Preservation Trust  
P.O. Box 265 | Gloucester, VA 23061  
Phone: (804) 824-9614 | Cell: (804) 815-3522